

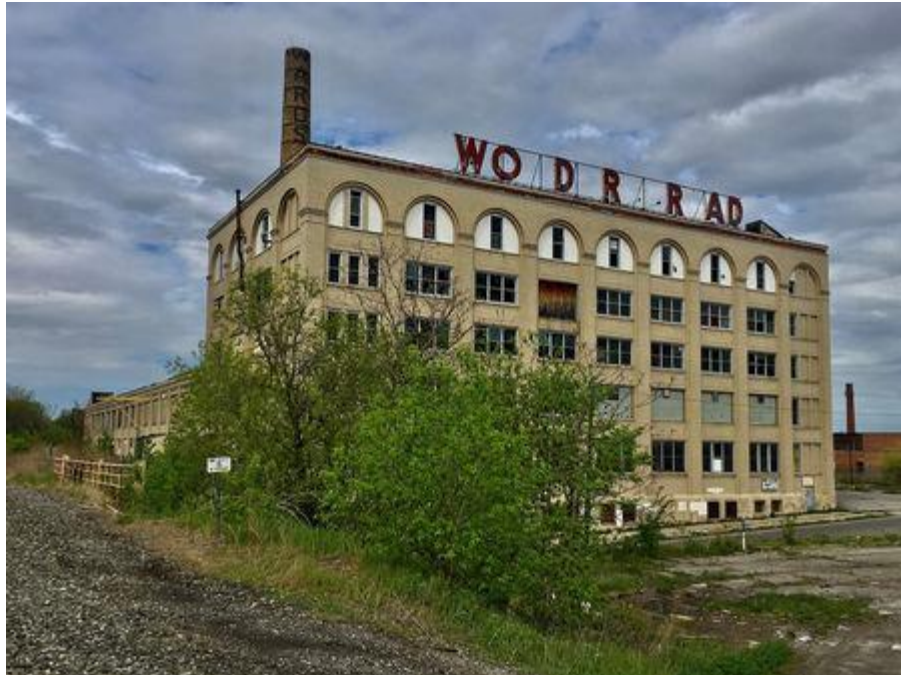


# Common Owner

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Your Opportunity to Invest in Community Development

# Existing Conditions



# The Shortcomings of Capital Formation



## Connections/Wealth Determine Access to Financing

Traditional “easy” methods (banks, lenders, credit cards) require borrowing against personal assets in addition to future revenue streams.

## Who do you know?

Traditional offerings require entrepreneurs to personally know people who are accredited investors. This is not realistic for new and younger, minority and women entrepreneurs.

## Expensive to Raise Capital

Deviating from traditional methods requires significant legal, compliance, and marketing costs; is more time consuming; and success is not guaranteed.

# The Crowdfunding Revolution



## Access to “Socially Minded” Investors

Opens up access for entrepreneurs to both accredited and non-accredited investors across the country who may care about more than a purely economic return.

## Flexible & Issuer Driven Process

The entrepreneur can set terms that work for their business. This might mean traditional equity, preferred equity, a “bridge” loan, a permanent loan, or a convertible note.

## Communities can Invest in Themselves!

Better “access to capital” benefits entrepreneurs based on merit, rather than connections or geography. Non-accredited investors now have ownership opportunities within their neighborhood through crowdfunding access!

# Crowdfunding Rules and Requirements



## Qualified Intermediary

Must work with a Funding Portal or Broker dealer registered with and regulated by FINRA and the SEC.

## Investor Communications

Investor communications must direct all investors to the issuer's offering page. Must not make unwarranted or exaggerated claims.

## Financial Reporting

Must submit certified, reviewed, or audited financial statements based on amount raised in offering. Must submit "Form-AR" annually.

## Disclosure Documents

Must file a "Form C" disclosure document with the SEC. Should make additional disclosures (similar to a PPM) to investors.

# Recent Developments in Regulations



We anticipate that potentially up to 10% of raises currently exempt under “Regulation D” will instead use Regulation Crowdfunding, an increase of 10,000% in capital raised.

- **Testing the Waters:** Allowing issuers to gauge interest and correctly size an offering before going “live” and accepting investments.
- **Increasing the annual investment limit** for Regulation CF Offerings from \$1.07 million to \$5 million per year.
- **Allowing “Special Purpose Vehicles”** enabling more specific and targeted benefits to Regulation CF investors and cleaner cap tables for investors.
- **No Limit for Accredited Investors:** Accredited investors participating in “Reg CF” offerings can now invest unlimited amounts.



# What a Funding Portal is (and is not)



## A Funding Portal can:

- Provide a dedicated **offering page** for your offering, including documents, communication channels, videos, and other information.
- Can assist your counsel in the **structuring of your offering and preparation of forms** to be filed with the SEC or FINRA.
- Can **provide templates** for pitch decks, compliant advertisements, and other offering materials.
- Help to facilitate ongoing **investor communications**.
- Maintain **compliance with Regulatory requirements**, including background checks & investment and offering limits.

## A Funding Portal Cannot:

- **Show favoritism** to any offering over another on the platform and must use objective criteria to present offerings.
- Will not automatically **make your offering successful**. Generally, only 5 to 15% of investors come from the portal's user base. You need to do the hard work!
- Serve as your **attorney, accountant, or other licensed professional**.
- Guaranty a **successful outcome** for your offering.
- Serve as a **promoter** for your offering.

# Regulation Crowdfunding Fees



## Before

- Marketing Costs (film, pitch deck, contact list, offering page design)
- Accountants (review or audit financial statements)
- Legal (preparing organizational and offering documents)
- Portal (compliance, escrow and administrative functions)

Budget:  
\$7,500 - 15,000

## During

- Marketing (outreach, email blasts, advertisements)
- Administrative (answer questions, etc.)
- Legal (if the offering must be amended, file forms)
- Escrow (per month and investor fees)

Budget:  
\$2,500 - 5,000

## End/After

- Portal Success Fee (typically 5-10% of offering)
- Escrow Fees
- Insurance (optional)
- Cap table management (keep track of securities holders)

Budget:  
> 7% of offering  
> \$10,000/yr.



# Regulation Crowdfunding is Growing



## 2016-2019 Market Stats:

- 39% of Reg CF offerings were successful.
- \$169.9 million was raised by Reg CF issuers
- Average amount raised per Reg CF offering was \$210,000.
- Typical investor spent \$1,335 per investment in Reg CF offerings
- Dollars invested through Reg CF have increased on an average of 40% per year since 2016.

# Why Common Owner



## Competitive Fee Structure

Onboarding Fee = \$2,500

Success Fee = 3.5% of a successful offering  
(1% in securities offered, 2.5% in cash)

## Organizational Structuring Knowledge

With multiple attorneys on our team we are familiar with a variety of structuring options, particularly for real estate oriented offerings.

## We Care About Local Ownership and Communities

We are not solely focused on the bottom line and want to work with businesses that will improve communities for the people that live in them.

# Contact



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## Thank You